



CALIFORNIA VETERANS BOARD
GENERAL SESSION MEETING #670
August 20, 2004 at 9:00 a.m.
Council Chambers
Marysville, CA 95901



GENERAL SESSION:

The California Veterans Board (CVB) monthly public meeting was called to order at 9 A.M. Board members present included Chairman George Sinopoli (Fresno), Vice Chairman Leo Burke, Members Judy Gaze (San Diego), and Vernon Chong (Lincoln).

Anthony Sinopoli led the invocation. David Salopek led the Pledge of Allegiance.

Secretary Thomas Johnson

Chairman Sinopoli introduced the members of the Board, and CVB Executive Officer Sandra Munoz.

Chairman Sinopoli welcomed the audience and asks to introduce them selves.

Motion moved to approve minutes of July 16 by Leo Burke seconded Judy Gaze.

Motioned passed to approve July 16 minutes.

OLD BUSINESS

Status Reform of Student Tuition Waiver Program

Secretary Johnson That it's basically over. The Governor met with the appropriate people from the college and agreed that the tuition waiver should be maintained through the summer session and there was no more discussion after that. In other words there was no change to the benefits that were available to our veterans that were seeking higher education, and they received the appropriate waiver.

Chairman Asks if the funds needed have not changed.

Secretary Johnson I'm not sure what you're referring too.

Judy Gaze What's the income limit?

Chairman Thank you Judy.

Secretary Johnson The income limits relative to the educational waivers in California?

Chairman Yes

Judy Gaze In order to qualify for the educational waiver, you have to make under \$11,000 dollars in the year before you apply for the waiver.

Secretary Johnson I don't think there has been any changes to it, do know of any changes?

Judy Gaze No.

Robert Glazier No there haven't been.

Judy Gaze And that level that is set, that is considered the poverty income level for the United States and our point was that in California it should be typed more toward the cost of living instead of being the National level.

Secretary Johnson Are you aware of any discussions legislatively?

Robert Glazier No

Secretary Johnson How has this been brought forward?

Judy Gaze It was looked into about a year ago, and at that time it was put on the table because of the state budget, because the feeling was that the educational institution perhaps jeopardize the benefit we currently have if we tried to increase it in some way, because obviously if we raise that low income level then we would have more dependants of disabled veterans eligible for the tuition waiver.

Secretary Johnson I think that fear was well founded by what happened this summer in terms of their looking at that waiver and reducing their obligation, therefore eliminating the waiver.

Judy Gaze So I think what we need to be on our scope, when things get better financially that we would like to bring it up again.

Chairman The poverty level in California is much higher, should be much higher than the rest of the Nation. Cost of living in California is much higher, housing is much higher, and not the same as Mississippi or Texas, places like that, do you follow me? We had a hearing, an appeal, a formal appeal by a student, and he was promised that we would look at it and study it. So far everything I read, it's status quo, nothing has changed. So Mr. Secretary, I hope that you considering studying it because, I think the poverty level should be changed differently in California than the rest of the Nation.

Secretary Johnson We'll fiddle this one and probably bring it back in two months after we do a little more research on it. May be when we have our meeting down in San Diego, we'll have more information about it then.

Chairman Asks about any legislation pending.

Robert Glazier Mr. Chairman, the legislature is actually looking to build AB 1077 which will provide total funding for the homes. The department estimates right now the need. California is basically authorized 62 million in different bonds, and this bill would basically give another 100 million to make sure that all five of the future homes for California veterans homes, would be funded. Mr. Wesson, a former speaker, is carrying it and the five homes in order distributed for the first three down in West Los Angeles, Lancaster, Ventura, and then after that there are also the homes that would be planned in Fresno or Redding. And as this project has conceded to be planned, we have been able to develop our relationship with the USDVA, they have given us new federal guidelines which require new designs for the homes, homes which have been planned to be designed right after the Chula Vista designs, in which new design come with, so we would need extra funding to make sure we fulfill our commitment in all five of the homes, so 1077 would be basically an amendment bill, we are taking an old bill that had nothing to do with this. And so we will be looking to follow that, hopefully we'll get a briefing at the Governor's office on Monday from legislatures and the staff to make sure they understand why we need this money for all five homes.

Secretary Johnson I think it recognized that the Governor's commitment right now, that he is willing to consider this huge addition to the least revenue on portfolio that we have to work with. This is no small effort on their part from the Governor's office to bring this forward, and to work in a bi-partisan way, so this is very significant, and we make no apologies for it because that is what the cost of doing business is in California, that is what the construction climate is, that is what the requirements of the changing design rules of USDVA are involved with so that's what the need is and I think the Governor has stepped up to the plate here to work with us on this.

Chairman In other words, your increasing the money we have right now from 62 million to 162 million?

Secretary Johnson From 62 to 162 million.

Chairman That's correct. Under this new bill that was presented this week, AB 1077, am I correct?

Robert Glazier Correct.

Chairman Thank you.

Secretary Johnson Is there any other legislation, Robert, that the department should bring forth information wise at this point?

Robert Glazier Well we are following closely in this senate bill 451 this is in progress, to make sure that the public private partnerships for housing on base, would make sure those are tax exempt, or not technically tax exempt, and if not, a certain interest.

Secretary Johnson We'd like to express our departments appreciation for keeping us in the loop on this and keeping us informed of the practical application of this in terms of the base reduction in closing concerns that San Diego county has, so this is an opportunity that we feel is very important, not only for the San Diego area but all of California and for Veterans, so we'll have this bill approved.

Judy Gaze Mr. Chairman, while we are on the subject, I'd like to say a few words about it, and what I'd like to solicit from the board is a letter from us, as well to the Governor, asking him to support this bill and what it is. Military housing is a critical issue in San Diego County because there is

such a housing shortage, and in our packets, and in the handout there is an issue from the San Diego Chamber of Commerce, a periodic analysis of the housing market in San Diego. Where the average cost of a house is now \$560,000 and so what that does is create a huge problem for military families, who as well in the eyes of California are veterans, to buy a house. The State of California has the wonderful CalVet home loan program to help active duty service members, as well as veterans, to buy houses, but right now, the limit on that loan is \$340,000, which is good, but it doesn't buy you an average house in San Diego and as well our efforts on HR 1742 and the National Congress trying to get help with more bonds so that veterans and service members that served after 1977 could get the low interest loan, that has been stemmed for the foreseeable future. And so since we can't do that, what I would really like to show the boards support behind the approval of SB 451 which is, what it does is helps the public private venture which is a partnership between a private sector company and the military, to build and manage housing for active duty service members, and this is happening all across the country. In California, housing is being built on Government land inside the base and so it's only going to be occupied by active duty service members and because the public private partner is now managing the housing some county tax successors are trying to levy property taxes on these homes, it takes away the money not from the private partner but from the project. And so there is less money to build more houses and to manage the housing. And so what this bill does is that when these housing units are built inside a base that it is not subject to property taxing. And it seems very fair to me because the cities and counties don't provide any services, like fire or police or any infrastructure that property tax normally will pay for. And the military kids in schools are supplemented in their fees from the department of education by the schools impact aide. So the schools actually are in favor of this bill as well. So it seems like a no brainier that this is something that we should support and I would like us to send a letter next week in support of it, to the Governor.

Chairman A motion?

Judy Gaze Mr. Chairman I'd like to motion that the board send a letter to Governor Schwarzenegger, urging him to sign SB 451.

Chairman Second

Motion passed and seconded to issue a letter to Governor Schwarzenegger in support of SB 451.

CDVA efforts with Congressman Bill Thomas HR 1742

Chairman Mr. Secretary do you care to make comments on that?

Secretary Johnson The only comment I would make is that there has been no change from my report last time. There is still a difficult object ahead of us and that is getting the vehicle to bring that law forward. And no change in the perception that it is gonna be a tough road ahead.

Chairman There is no encouragement whatsoever. I don't know what it's gonna take to get Bill Thomas off the resolution to change it.

Secretary Johnson We did receive a letter from Secretary Principi, which we hoped would be much more favorable towards support of 1742. Unfortunately his legal counselor vouched that he could not weigh in support of it but I don't think he is closed the door entirely to keep working for his input to the President following this session. If our President is re-elected, then we will pursue a direct relationship with the White House for support.

Chairman Anyone have questions about HR 1742, about what it's all about? It's pertaining to extending the CalVet loan pertaining to the dates when the veteran got out of the service and into the service. I believe after 1977 the status changed pertaining to the kind of money that we can loan from the State of California out of CalVet home loan. Can you give me some status on AB 1736 since the budget has been passed?

Secretary Johnson It still hasn't been passed but Robert can you give us any information. The budget has been passed but not the bill.

Robert Glazier The Governor did sign it; there have been some technical changes to make sure that there would be access to bond money, when it came to the Fresno and Redding homes. Like we talked about earlier AB 1077 is the major fix to make sure we have complete funding for all five homes but AB 1736 has been signed and there were minor clean up that we needed to make sure we can have access to bond money.

Chairman In other words 1077 is going to help 1736?

Robert Glazier It would have done much more than what 1736 would have done, yes.

Chairman I have a statement pertaining to Policy c-10 pertains to veterans spouse admission to Yountville. C-10 to provide admission for veterans spouses, the Code says the veteran's homes shall admit veterans and their spouses on space available basis consistent with the provision of section 1012 of the California and Military Veterans Code. It's been that way for a long time I hope that the Administration, the Secretary's office will carry out what the policy says because there was a slight change by interim Secretary Tuttle and I understand it was changed back, is that correct Mr. Secretary.

Secretary Johnson It was modified change being that there was a grandmother clause that indicates that when a new couple comes in, in other words for all those couples that are there now the policy remains as it has been for many years but when a new couple comes in to the home then there is a separation then there is a new date separation by death then a new date is established that is what the revised policy is indicated.

Chairman The policy has never come before the board to be considered, is that correct Mr. Secretary?

Secretary Johnson The policy has been brought before the board's attention for their deliberation.

Chairman Correct.

Secretary Johnson But there's never been a vote by this board.

Chairman I hope it will go back to the original policy until the board reconsiders the policy change.

Secretary Johnson What I need to do is ask the home deputy Secretary to attend the next meeting after he has had discussions with Marcella and Marcella would discuss it with the appropriate input there at the home and then make your decision at that point.

Chairman As of today there has not been a change policy pertaining by the California Veterans Board.

Secretary Johnson There has not been a change by the California Veterans Board.

Chairman So the Policy is consistent until the change has been made.

Leo Burke Mr. Chair this should be referred to the Policy and Procedure Committee.

Secretary Johnson I see what your saying. This policy is very general, it does not get into specifics nor does not the California Military Veterans Code get into the specifics about some of what happens in many kinds of circumstances so the board has not changed this policy. If you would like to refer to the policy committee of the board and have discussion. We've done as you know and have submitted to the board about three months ago information of a study we did from all the states. Every state has this dilemma of what type of policy in regards to spouses. In fact there is no requirement by the Federal Government that you must or must not admit spouses into a veterans home so we can submit this to the policy committee and regenerate that information and consider that.

Chairman At this time Dr. Chong you are chairman of policy and procedure. I wish the committee would meet and discuss this possible change.

Chairman At this time could we have Sheryl Schmidt come up and give the presentation on the CPR report?

Sheryl Schmidt There are three different handouts. One is the reflection of the power point presentation in addition to that I made a copy of the brochure that CPR put out on the performance review and also I went through a stack of books, five different volumes and I tried to find everyplace that veterans affairs was mentioned and that is what the handout with the diagram on the front represents. The California Performance review was pretty extensive there were more than 275 state workers academics and policy experts that participated in the CPR review. Veterans Affairs loaned Don Currier who was in our legal services and subsequently lost him to the Governors Office because there was a place for his services. He did not participate in reviewing our department at all. I think he was on the volunteerism side. The CPR team solicited input, ideas from about 1800 people and actually there was a opportunity for anyone so desires to go in and via the web site input ideas which they thought what they thought was good or bad, what they thought was working what they didn't think was working. It was lead by Chon Gutierrez who has 30 years experience in State government and by Billy Hamilton who is the deputy comptroller of Texas and an expert in performance review. They divided the review into two different teams. One was organized functionally and the other cross cutting. The functional team related to the specific areas such as health and human services, education, training and volunteerism, public safety resource conservation protection, general government, infrastructure and corrections. The cross cutting related more to areas that affect every agency. Every agency has information technology individuals performing those functions, we all have to do procurement, personnel management side, all agencies should be interested in this similar services. There is the budget and revenue maximization, intergovernmental relations and then the financial audit side. The basic process was that there was a review performed by the CPR team and then it was submitted to the Governor, we are now in the middle of public hearings and where were at as an agency is the submission of operational concerns. This is not organizational at this point it is strictly operational side and then there will be discussions between the agencies and the Governor's office. There were five volumes; volume four was broken into two. What I would like to do is briefly go over what was in the different volume. Volume one prescription for change dealt with basic areas that needed to be addressed in state government. One primary one is customer service and the team felt there needed standards that were set, there needed improved access, that is all types of access to the service that is provided by state government, via the phone, online whatever way

we can get the services we offer to the customer. Making it easier for businesses here in the state of California. They have to go through a married of agencies to get license permits. It is not easy to start up a business here. Focusing on services, then of course collaborating with local government. Good people, good government, there was a conclusion that the personnel system needs to be fixed and that we need to plan for the future work force. The recruiting side of it, getting tools for the workers to do their jobs and actually holding them accountable for the job that they are doing. Another issue was getting the most out of taxpayer's dollars. This involved controlling personnel cost, saving public assistance dollars, eliminating some of the surplus assets to the state that is running around, using smarter business practices to cut the costs, improving state tax administration including tax amnesty resulting in tax payer disputes and obtaining our fair share of federal dollars. This is something the department is highly interested in that when it comes to the veterans claims side and the money that is received for veterans benefits, the Secretary has already expressed a lot of concern that we are not up to par with some of the other states and we want to move forward to make sure our veterans are getting their fair share. Accountable Government using a budget based on performance, measuring the performance and then looking ahead. This is something in the department that could be looked into as far as the Farm and Home, Zero basing and then developing the matrix that should be associated with it and things along that line, all though this is coming out for CPR in the department. I think we are moving on track on many of these things. Smart management decisions, this gets into buying smart and actually this is one place I founds the mentioned of the veterans home where in this volume it mentioned that have the legislative authority to buy independently of the department of General Services and because of our relationship with Federal VA. This is important to us, this is one of things we will be responding to within the response we are working on because we want to make sure that we continue to get our pharmaceuticals at the most reasonable price. It also got into e-procurement, being able to do a lot of things procurement wise on line. Common payment, this is where a lot of individuals they actually do a lot of transactions at grocery stores, pay for utilities and things like that. The state is actually considering could they partner up with some of the payments going to the state through some vary common portals. Improving contract management and then using performance based contracting and competitive alternatives. A lot of times in the state it is very difficult to get the best deal when it comes to construction along that line because there has been so many limitations in the exact way that we can go out for bid and all the things associated with that. Making common sense decisions, not just taking the stance that we are going to do business as usual

Tools for the digital age, what that is getting into is that having a safe CIO authority to enact certain things for the good of IT over all the state. The state technology investment fund. Redesign that state portal, that was begun and then it was basically stagnated. It should be a lot more user friendly. Having one state intranet. Volume two got into form follows function. The first chapter is basically new framework and it depicts the existing and proposed organization charts of state government. This is where I found copies of the organization charts. Chapter two to eleven line out finding on ten agencies including the proposed reorganization. It includes functions that transfers in and out of vary agencies and chapter twelve is the one that includes veteran's affairs and the California service corps and correctional services. In the packet as far as veterans affairs, under exhibit thirteen this is the only place I found verbiage on veterans affairs and it states that veterans affairs should retain its current structure and functions within adding the responsibility for improving educational programs that is currently administered by bureau of private post secondary vocational education. The diagram currently shows functions being performed although a few of the words differ as far as the administrative areas and in addition it depicts a veterans advisory panel.

Veterans Commissions and boards recommendations that were in this volume were basically boiled down to the Mexican American veterans memorial board is abolished, that was no longer in use, the memorial is up and so the commission is not necessary in that case.

The Veterans Board is recommended to be eliminated and appeals heard by administrative law judges and advisory capacity of veterans cemeteries could be addressed by ad hoc committee.

Volume three keeping the books. An audit was conducted that covers the financial systems of reporting, the budget processing and controls, performance measurements systems and uses, state oversight of fiscal affairs. Veterans affairs is included in other departments since there was no specific breakdown like there was for education, department of health services, department of social services, corrections etc. It included discussion of strategic planning and performance based budgeting and measurement, which as a department we are already, headed in that direction. Volume four got into the various issues and recommendations. Chapter one is general government. One of the items was increasing state revenues as I previously mentioned, as a department were actually looking that way. How can we bring in more Federal funds in a form of disability pension, etc. for our veterans? Creating a customer friendly government that is another area that we are trying to move forward. Right now we are having banners that are being produced to put into the department saying welcome veterans. When you walk into our building sometimes it looks like any state building and maybe not a welcoming, as it should be.

Improving business climate, also brought out in this chapter, strengthening government partnerships, we know that is critical especially in our department since we have a relationship with the USDVA which we are continuously working on trying to strengthen that because it is truly a partnership between us and the federal side of the house to provide the maximum that we can in benefits to our veterans.

Making government more efficient. Chapter two dealt with health and human services side a lot of this did not have much direct effect on our department. It dealt with their real alignment; it dealt with children services, public mental health and other services. Licensing and oversight is the one area in going through this chapter that we felt that there could be a more efficient way of surveying and certifying our homes versus has happened in the past.

Secretary Johnson Let me give an example on that, most of our homes are duly inspected by the department of social services, for one level of care and the department of health service for another level of care, they conduct separate inspections, different times each year, so we think that a consolidated inspection with one inspector inspecting on behalf of both state agencies, and perhaps once every two years with interim self report would save the state huge amounts of money, and save our staff a great amount of time from distracting them of their duties, so that's one of the areas that we do certainly feel there are some room to be made.

Sheryl Schmidt Now is there anything in here that would affect us, or where we can get some kind of input that will make things better for veterans in the state of California. Chapter three dealt with education, training, and volunteerism and some of the goals to improve the organization and governments in education to improve efficiency of the education system, preparation of the workforce and then expanding opportunities for volunteerism. An example of what we are doing in the department, on the volunteerism side, is the Cal Vet Committee. Recently we had two individuals to give some additional input as far as when the finance committee sits down and goes over various areas and challenges as far as from the outside.

Chapter four deals with infrastructure. One point is improving state infrastructure programs. This does not affect veteran's affairs in that construction costs have risen so greatly that we have to obtain additional funds for the veteran's homes. Sometimes the way you do business can be so obstructive that it really jacks up the cost and if the state could really improve the efficiency of contracting and construction areas, that would really be good for the state of California overall. Of course saving taxpayer infrastructure dollars and then actual management of the infrastructure program. A lot of times they just need to continue doing business the same old way and the department of general services has been responsible for the over study of buildings, that includes our building at headquarters. Well, the management of our building has not been efficient throughout the years and we have discovered our business services and contracting area are really delivering into that and have found some wonderful

ways that things can be done more efficiently. Basically saving a lot of operational cost with respect to the building, and therefore benefiting CalVet, who's building for the investment actually is. Chapter 5 dealt with resource conservation and environmental protection. Chapter six dealt with public safety and this dealt with organization of public safety functions, improving the management of safe programs and then services to victims of crime, which in this particular area didn't seem to be as applicable to our agency. Chapter seven deals with statewide operations. The information technology side performance based managing and budgeting, personnel, managing and procurement. In conclusion, veteran's affairs are mentioned in the forum function volume, but not specifically in the finding recommendations. CPR is available on line at www.report.cpr.ca.gov. Now what is really interesting is the legislative language to implement CPR. Eliminating Cal Vet Board, the undersecretary division, and authorizing the Secretary to employ free subordinate officers, nowhere in this whole copy could I find worksheets of information? They were only there online. In the back of your booklets, I do have a listing of where all the hearings are, where and when etc. We do expect organizational structure to follow after our comments on the operational recommendations, but we don't have any diagrams on that yet. We are gonna conduct two stakeholders meetings, the first of which is in Sacramento on the 9th from 10:00 a.m. to noon. I don't think there is a plan for a second yet.

Secretary Johnson We found out yesterday that the organizational input can be delayed until September 24th, which is when the board is scheduling their next meeting in Los Angeles. We were worried at first, that they would want input prior to that, but I think we can work that in conjunction with the CalVet board meeting Los Angeles basically these are listening opportunities. They are opportunities for people who like to weigh in or comment. We will have an ultimate responsibility as a department to give the Governor some recommendations, but individuals have that directly through the public hearing, but we also wanted to make sure that we hear from people who want to weight in, interested in the changes recommended, operational or organizational. So, September 9th would be the first one, and that would be up to our headquarters in Sacramento and the 24th probably in the afternoon from 1-3 in Los Angeles.

Sheryl Schmidt There was a tremendous amount of input to the system during CPR and as a result of CPR, I would envision that there is gonna be quite a bit of input also. Under the commission hears, it gives a general area that they are gonna be dealing with at that particular hearing.

Charlie Waters Chairman obviously there has been a lot of work in this and a lot of it is needed. It is most appreciated as a citizen of the state and also as a veteran. What I'm going to speak real quickly are the comments I'm gonna make. I spoke officially last night at a veteran's commander's council. That commander's council is the commanders of each veteran's organization in the state of California including the American legion, the VFW, the marine corp. league, so forth. We called a meeting on the 16th of October in Tulare. I will represent the Marine Corp league as their judge advocate and trustee. We have along with the American legion did pass a resolution if I might I will give you the marine corp. league resolution on this item that is under discussion. The US marine corp. league subject California veteran's board. The marine corp. league in an emergency session, emergency executive session of San Diego, California in August 17, 2004 in agreement with the American legion department of California passed the following resolution that the marine corp. league opposes the disillusion of the California veteran's board. The adjutant of the marine corp. league is hereby instructed to forward this copy to the governor and all city members of the California assembly and the senate. Resolution (reads resolution) Mr. Chairman the American legion and the marine corp. league at this time is close to two hundred thousand members, the American legion being the dominate, we have spoke to the leadership of the VFW, we've spoke to the leadership of the Jewish American and the navy group so therefore you'll probably have in access half a million of the organized veteran groups in the state of California submitting to you resolution within the next 60 days as only speaking right now for the veterans in the

marine corp. league officially we in reading this document and hearing this document today we do not believe that this organization should be replaced with judges hearing this situations. We believe this is the only open forum that the veterans have at this time, only open forum that the veterans have at this time. We will not be denied, we accept and we truly appreciate what the Secretary has done and is working with us on our homes and so forth but some how we must have an open forum for the veterans to be able to speak publicly and on record, thank you sir.

Chairman Thank you Charlie.

Judy Gaze This issue of the survival of the California veterans board I think will have a lot of emotional around it, but I think as a business point of view we need to look at, we need to change the casting of the California veterans board and put it more in the aspect of volunteerism, instead of having it being a board because in the state of California the term board in a lot areas is a highly paid prestigious position that has people been appointed as paid backs political connections those kinds of things. I think the CPR has a lot of good recommendations; there are way too many boards in the state of California. But what we do here is truly volunteerism than the tradition functions of a board and when we talk to the CPR when the veterans organization talk to them we need to bring in the aspect of volunteerism because as a oppose to some of the boards when members are paid tens of thousands of dollars to sit on a board our board positions are all volunteers positions.

Chairman Thank you Judy.

Leo Burke Mr. Chairman.

Chairman Mr. Burke.

Leo Burke I will bring my view on it at a later date.

Chairman Thank you.

Chairman The board wants to get together to discuss the CPR Judy and we would like to make a recommendation to the Department of Veterans Affairs in the near future so that we are able to set down together and discuss this thing. You are right we are volunteers.

Status of Farm & Home Cut-Backs-Presentation by John Hanretty on Cal Vet Program 5 year Business Plan.

John Hanretty Good Morning Mr. Chairman, members of the committee, honorable veterans in the audience and prestigious members of the public, thank you. I want to present to you at this time the strategic business plan for your review of the cal vet farm and home loan program. We work on this as I was appointed by the interim secretary back in January to provide executive sponsorship to the bond finance division within the department. That is one division that is basically provides all of our investments, banking advice, how do we invest our monies. When do we call bonds, when do we buy new bonds. A month ago Secretary asked me to be responsible over operations. I've viewed farm and home program as a boat in the ocean for many years, particularly from years 1956-1985. There was tremendous amount of veterans, money and eligibility in bonds. To provide loans for veterans, post world war two, post Korea, Vietnam era and that direction. This boat in the ocean, it has two motors, the port and the starter or the left and right. If both motors are not synchronized, the boat is going to go in circles. They both have to be synchronized. They both have to run at the same speed. So while the investment bond piece can be doing one thing and the operations isn't doing the same, the boats not going to go in

the same directions. In the next ten, fifteen, twenties to thirty years we're going to have a smaller pool of veterans. And that's partly because the professionalization of the service. But it's also partly because we have a certain perimeter within which we can borrow money. At a very low interest rate. And that's what we talked about, HR 1742, the qualified veterans mortgage bonds are only available to certain veterans and pool of veterans will be dwindling in ten years, but certainly over the next three years. The first thing I did when I got involved with more of the farm and home program than from the past was I put together a strategic business plan and put together the finance committee meeting. That group's been meeting now for four months, what I want to do today is give you the following. First of all status where we set today and I think that's important to understand where we need to go tomorrow, is to understand where we are today. The Challenges that program faces the background on how we got there. Short and history of that and what we're doing in order to fix those challenges, as well as are vision for the future. My vision is that this is going to continue to sail up the river for many, many years to come. But the rivers are not as big as the ocean. We have to change our fishing tactics. And we have to guild it very carefully up that river if were going to continue to do our business. So it's going to require very strong management to make sure that the two motors stay alive. To make sure we continue to maximize the use of bonds available to us. As well as to maximize the number of veterans we can provide our loans too. As of June 30th subject to the completion of year and financial statements I have to say that these are un-audited not finished financial statements at the moment. (Read financial statement un-audited and Strategic Business Plan 2004-05)

Judy Gaze I have obviously been watching the Cal Vet Home Loan Program for three years and I thing there has been good customer services and business like functions implemented and I can see from the appeals that I get that the department is neon's ahead of what it was ten fifteen years ago. Because it needs to run as a business. One of the things I have spoken to Debra Lehr and George Flores is figuring out to do more for younger veterans and dealing with the chart in Southern California there is such a huge gap for a cost of a house and the loan we can give and George and Debra talking in the past about using maybe using the unrestricted money to help with down payments or coming up with a matching program or a way we can augment that the loan amount that we currently can get to help somebody who is in there early thirties just coming out of the service or still in active duty to get into a house because I don't think the prices are going to get any cheaper.

John Hanretty I agree with you and I agreed with you first of all that the program has matured in a number of ways from a business prospective. The program operates from a enterprise fund fully funded enterprise fund with a public policy and if it fails to meet public policy set forth by the state than it does not need to operate. The question we have to tackle with is do we provide more money to fewer veterans or do you provide less money to more veterans in order to help them get into the market. The other unrestricted money gives us the opportunity to help answer that question. I don't know the answer to that question but I do think it will be a serious thing to think about much like a public partnership, which the cal vet program provides this and the private industry the rest of it.

Vernon Chong Are there advantages and disadvantages between the VA loan programs versus the cal vet program?

John Hanretty They are different programs, there are some advantages to each.

Judy Gaze The dollar amount you can get from the Cal Vet program is much higher from the Cal Vet loan program. The federal VA program is an insurance program and uses the local bank whereas the Cal Vet program you are actually borrowing money from the bond program.

John Hanretty The VA program primarily insures the bonds which makes the private lender willing to put the money out and in our case we are actually the bank, we have the money we have the operations, we insure the loan, we hold the deeds of the loan, the veteran has an interest in the loan, a finance interest in the loan but they do not hold the deed.

RV Parking Procedure at Yountville

Secretary Johnson The RV policy in Yountville has been looked at recently and in light of evidently some concerns several months ago. They know of no current problems, of no reason to change of policy I think it is welcoming to the veteran community in terms of their use there at the facility. I think it is much appreciated not only at the home to have this facility there but by the veterans as well. I know that during the American legion tournament it is well used but right now the policy is in place and I think it is a good policy, it's been looked at recently and I don't know for any reason to recommend changes unless there are some question from the board on part of this policy.

Chairman Are their charges to park there?

Secretary Johnson Is there are the rates per day are \$15 per day there are also use of the facility, laundry and show for deposit and refundable. The charges are spelled out and length of stay is spelled out, who can use it is spelled out and is a wonderful service. It is a wonderful service for relatives or veterans providing services there at the home for other individuals providing services, but it is not open to the general public.

Judy Gaze As a veteran you can go and park your RV in the home in Yountville and pay the fees and all is well.

Secretary Johnson As far as I know the policy and we have three representatives from the home here, are there any changes that I don't know about?

Larry Lattman No sir, the RV park is to provide two purposes, number one to provide space for critically ill family members to spend time there to while there love one was passing, number two while veteran sponsor events like the baseball event by the American legion. We did have open space at one time and we loan it out to the general public. That was wrong because we had a lot of security problems and two years ago we changed that policy and we changed that policy only open to veterans and veterans affiliated families.

Leo Burke Could I request the Secretary a copy of this policy for all the board members?

Secretary Johnson For all the board members? I will provide it to Sandra.

CVB New Mission Statement "Voice of California Veterans"

Chairman We feel we are the voice of the California veterans, you can here to the meetings, and it is an open public recorded meeting for the public. You can state what you want to state like Mr. Waters did this morning and it's a matter of record. That is why I suggested voice of the California veterans. The California board is exactly that.

Review appeal of David Monroy, Farm and Home Purchases

Judy Gaze Mr. Monroy borrowed money from us to build a new home and in a nut shell when that home was built the builder was severely negligent to the point he was not able to occupy it. The moisture barriers were not built correctly into the home and so he had huge mold problems. He was medically unable to occupy it. Under our policy currently you can use our home loan that he is a pre 1977 veteran and you can use that once, so he is not eligible to use that program so he is now having to buy another house, he has a lawsuit against this builder and he wants permission to get a second loan from us and I think we should approve it. He first home went sour at no fault of his own and I talked to the department and they have no issue with it, it is just a policy reversal.

Motion to allow Mr. Monroy to precede a second home loan, seconded by Chairman, George Sinopoli.

Review appeal of Gary Muramoto, Farm and Home Purchases

Judy Gaze Mr. Muramoto has damage last year. What happen was his neighbor's amber trees roots grew underneath his driveway and popped his driveway and so he had to replace his driveway, and he ask GAB Robbins who is the contractor of the insurance to pay for it and they refused it and he is appealing to us to ask that his cost be reimbursed. I did some research and to my knowledge home owners policies do not pay for root damage, possibly if it occurred in your sewer lines but basically the policy says that damage that is caused by ground swelling is not covered and even though it is not specific that the grounds swell because the roots grew under it that is the intent and I think most home owners policies are that way. I've talked to Mr. Muramoto who is very sincere and he sounds like a good guy, I don't think we should uphold this appeal.

Motion by Judy Gaze to deny Mr. Muramoto's appeal, seconded by Leo Burke.

Discussion by Vernon Chong asked what the insurance company decision was on it.

Judy Gaze Yes, they denied it. They said they never pay for these kinds of rooted tree problems.

Vernon Chong I guess as home owners we need to check into that, that is interesting from the stand point what is ground swelling or what is root damage and is not covered and I don't know if people know that.

Secretary Johnson That is a good point. I marvel at people who plant these coastal plants not only so close together but so close to the house and I'm not sure what they think will happen in thirty forty years down the road.

Report From Board Members on Activities for July 2004

Leo Burke Attended American Legion baseball tournament in Yountville

Judy Gaze Appointed by chamber of commerce to set on their veterans and housing committee.

Vernon Chong Visited Barstow Veterans Home.

Chairman Attended recognition of the Merchant Marine honoring merchant marine of WWII. Attended American Legion in Clovis pertaining to the abolishing of the California Veterans Board.

CDVA Division Veterans Homes California

Secretary Johnson Reporting for Bill Parente. I want to express my thanks to the board and to those veteran service organization some of who are represented here today. I appreciate the support at my confirmation hearing, I haven't heard from the Senate but the confirmation hearing from the rules committee went very well and I appreciate the support from all the veteran service organizations and your support as well Mr. Chair. Bill Parente has been with us for six weeks now. Right now we are working on budget proposals for next year and a number of them come from the homes. One of the areas Bill is working with is Barstow home, in terms of as mentioned by Dr. Chong to the extent of when they can expand on their census and on their veterans that they care for. They have 140 roughly now, we are looking at inching it up next year trying to increase another twenty in our intermediate care facility. It is a difficult time for the state for the next year or two as you know the changes including the additional bond issue was passed this year, more of a temporary fixes. Permanent fixes need to be put in place including the increase in the economy in California so we receive marching orders from the department of finance that we have to be very, very careful in any expenditures from the general fund next year. What we are going to look at next year at Barstow is a incremental increase so we can begin building back perhaps the year the year and half from now which is the end of next fiscal year we might be able to look at the skilled nursing component and bring a portion of that back but it all depends how well we do there and well we can integrate into the states budget situation. In Chula Vista has been able to keep the highest in their census, roughly 350 veterans. They are looking at transitioning some of their beds from residential care for the elderly to intermediate care. Recognizing that these veterans are in need for higher level of care and in fact the reimbursement is much greater as well and it will them from a fiscal standpoint. One of our goals this year from the department is not to go forward with a deficiency notices at the end of the budget year as we have done continuously over the past few years. In fact the department of finance has given us very strict orders in that regard. We are not only trying to improve our revenue in terms of reimbursement we receive but to make sure we don't extend our expenses out that the general fund is impacted. Yountville in budget change proposals for next year we are looking at some interesting, we are looking at infrastructure improvements. They are certainly have needed that, money for infrastructure improvements have been siphoned off for operations needs primary personnel needs. But we are looking for augmenting their infrastructure needs next year. We did get a notification that we are on schedule with the chiller project; we've received notification this week. It is about a million dollar project and the federal government will participate is 65% is the project and should be on the top of their list now. We could expect funding for that next year that is good news. We are very happy with Dr. Vance's presence at the home, as chief medical officer of the home. I don't know if you have had a chance to meet him Dr. Chong, he is a great addition to the home. The Lincoln project is lagging and there are some negotiations yesterday in regards to increase cost to that project and authority to use additional private funding to complete that project. It is a very interesting system here in this state, I have become familiar with through the cemetery project that was when we received a 20% increase in the bid over what was estimated and what was put into legislation we were not allowed to accept that increase bid even though the federal government was paying for it 100%. We had to go to legislators to weigh in or the department of finance has to find a regulation that allows us to accept this money at a higher level than what was originally anticipated so we went through that with the Lincoln Theatre and I think that is resolved Robert.

Robert Glazier This morning working with the department of finance and Senator Chesbro Budget Committee using Section 28 to make sure that the funding is usable for the Lincoln Theatre.

Secretary Johnson So we didn't have to go legislatively, section 28 was we also used in cemetery project and so it is very interesting when we have these kinds of situations but overall the Yountville home is taken care of about 1,100 plus veterans and they are doing a great job and we are asking the

Governor to make the appointment of Marcella McCormack as permanent so that is being brought forward.

Select Committee Veterans Homes - Dr. Chong

Vernon Chong Nothing to report at this time.

Veterans Services - Dr. Chong

Vernon Chong One thing I need to do is get orientated with each department at the Department of Veterans Affairs so I can have a better understanding of what is happening.

Farm and Home – Judy Gaze

Judy Gaze (Read report from Debra Lehr, chief of Farm and Home.) In the next month we are looking forward to the report from the legislature on the insurance program and I'm sure it will be more detailed next meeting. It looks like the life and disability program is going to have a reduced liability, which is cost savings to our veterans.

Secretary Johnson I don't think we have had recent claims due to the recent flames in southern California. We have been fortunate in that.

Judy Gaze We are lucky we don't have the cal vet loan program in Florida.

Legislation-Leo Burke

SB 1193. SB 1322. SB 1517. SB 1651 SB 1725 AB 1077 AB 214 AB 323 AB 1073 AB 1592 AB 2266 AB 2268

Recommends support from the California Veterans Board.

Motioned to support the legislation, seconded by Chairman.

Chris Burns Senator Knights office, I would ask the board for instead of support a specific bill AB 1077 that I would ask that there may be another vehicle that the board modify their report that it supports appropriating 100 million dollars and doing what is necessary for the veterans homes versus supporting a specific bill because AB 1077 may not be the vehicle that the money will be put into I would suggest that the board would sent a letter of support on any legislation that does what the report says whether it's 1077 or another piece of legislation being that this is the end of session and they get put into several different bills at this point with five days left. I would ask the board would consider that change in their report.

Leo Burke We will delete that bill number in support.

Chris Burns Thank you

Robert Glazier Are you referring to deleting all reference just to the bill number or just making any preference from the board of support for the 100 million dollars?

Leo Burke Just the bill number.

Robert Glazier I just wanted to make sure just the bill number it self.

Leo Burke Yes

Chairman Delete the bill number and maintain support of the 100 million dollar plus. Is that what you wanted Robert?

Robert Glazier Yes

Motion by Chairman to delete the number of AB 1077 in support of the amount of money seconded by Leo Burke.

Contracts – George Sinopoli

Chairman No contracts to consider at this time.

Recognition and Awards – George Sinopoli

George Sinopoli No awards at this time.

Legal Division-Joe Maguire (John Jackson in place of Joe Maguire)

John Jackson Legal division currently has over 100 cases open, Carter case denied appeal would go to supreme case, Joyner case matter was settled. I would like to thank the people who have the confidence in the department and Mr. Maguire could not be here today. Thank you.

Public Comment

Charlie Waters, Judge Adjutant Marine Corp League
David Salopek, Chairman of Allied Council, Yountville
Tom Montague, Vice Chairman of Allied Council, Yountville

Chairman The California Veterans Board will meet September 24 in Los Angeles, October 8, San Diego, Yountville December 3rd, no meetings in November.

FUTURE MEETING DATES AND LOCATIONS:

All meetings take place on Friday unless notified.

Next board meeting September 24, 2004 west Los Angeles

Yearly schedule is posted on web site: www.cdva.ca.gov/board

CLOSED SESSION (if necessary or required)

The general reason or reasons for a closed session, and the specific statutory authority therefore, are (1) to consider the appointment or employment of a public employee under the authority of Section 11126(a) of the Government Code; and (2) to confer with or receive advice from the Board's legal counsel regarding pending litigation under the authority of Section 11126(E)(2)(A), (2)(B), and (3) of the Government Code.

- There being no further business to discuss the meeting was adjourned at 11:20 a.m.
- These minutes are only a summary of the proceeding portions are reported here verbatim.

- These minutes are posted to the California Department of Veterans Affairs on-line website at www.cdva.ca.gov/board

ADJOURNED at 11:20 A.M.